



U.S. Department of the Interior  
Minerals Management Service  
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## **NEWS RELEASE**

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### **MMS Announces High Bidders for Wyoming Royalty-in-Kind Pilot**

The U.S. Department of the Interior's Minerals Management Service has announced the winning bidders for royalty oil taken in-kind from Federal leases in the State of Wyoming. The Wyoming royalty in-kind (RIK) pilot program is the product of a partnership between MMS and the State and is one of three pilot programs designed to test the efficacy of taking royalties in-kind rather than in-value from Federal production.

MMS accepted bids for production from 98 properties representing 68% of production offered for bid. This first bid cycle includes production from October 1998 through March 1999. The average winning bid for sour asphaltic crude from the Big Horn basin was more than \$3 per barrel above the average of four local posted prices. Inadequate or no bids were received on 88 properties. Actual financial results of the pilot will not be known until after the term of the bids expire on March 30, 1999. Bids were accepted only where estimates showed that the Government would receive at least as much revenue as it would have by collecting the royalties in-value. Preliminary estimates indicate MMS has increased royalty revenues by nearly \$0.95 per barrel above what producers had been historically paying in-value for the same oil.

"We are encouraged by the preliminary results of this pilot. It shows that when carefully targeted, the government's RIK option can be used to yield benefits to the taxpayer," remarked MMS Director Cynthia Quarterman.

MMS and Wyoming will begin another bid cycle for the next six months of RIK oil production in mid-December. Wyoming's Board of Land Commissioners recently approved including oil production from state leases in future joint MMS-Wyoming RIK pilot bid offerings, should the state chose to do so.

In addition, MMS will begin an RIK pilot with Texas this fall for Federal and State natural gas produced from the offshore 8(g) zone. In the fall of 1999, MMS will begin an RIK pilot in Federal waters in the Gulf of Mexico which is expected to market 800 million cubic feet of natural gas per day.

**-MMS-**

**24 Hour Fax-on-Demand Service: 202-219-1703**

**Editor's Note: The winning bidders can be found on the website at  
[www.rmp.mms.gov/rikweb/documents.htm](http://www.rmp.mms.gov/rikweb/documents.htm)**